



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/923,035	08/06/2001	John Nafeh	PA3817US	8962
22830	7590	07/26/2010		
CARR & FERRELL LLP 2200 GENG ROAD PALO ALTO, CA 94303			EXAMINER MILEF, ELDA G	
			ART UNIT	PAPER NUMBER
			3694	
			MAIL DATE	DELIVERY MODE
			07/26/2010	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 09/923,035	Applicant(s) NAFEH ET AL.	
	Examiner Elda Milef	Art Unit 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 19 April 2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-126 is/are pending in the application.
- 4a) Of the above claim(s) 29-95, 97-103, 106-112, 116-123, 125 and 126 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-28, 96, 104, 105, 113-115 and 124 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Status of the Claims

1. This office action is in response to the amendments submitted by the applicants on 4/19/2010.

Claims 29-95, 97-103, 106-112, 116-123, 125-126 are cancelled.

Claims 1-28, 96, 104-105, 113-115, 124 are pending in the application.

Response to Arguments

2. Applicant's arguments, see Applicant Arguments/Remarks Made in an Amendment , filed 4/19/2010, with respect to the rejection(s) of claim(s) 1-28, 96, 104-105, 113-115, 124 under 35 U.S.C. §103 have been fully considered and are persuasive. Therefore, the rejection has been withdrawn. However, upon further consideration, a new ground(s) of rejection is made in view of Lange (US 6,321,212).

Claim Rejections - 35 USC § 112

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 28, 96, 105 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Art Unit: 3694

5. Claim 28 recites the limitation "the improvement" in lines 6-7. There is insufficient antecedent basis for this limitation in the claim.

Claims 96, 105 are rejected because of their dependency to the rejected claim.

Claim Rejections - 35 USC § 102

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

7. Claims 1-17, 20, 22-24, 28, 104, 105, 113-115, 124 are rejected under 35 U.S.C. 102(e) as being anticipated by Lange (US Patent No. 6,321,212).

Re Claim 1: Lange discloses a system and method of trading and financial products through investments in contingent claims relating to events of economic significance. The claims are contingent in that their payout or return depends on the outcome of an observable event with more than one possible outcome –col. 6 lines 48-59. A contingent claims is defined by Lange to include stocks, bonds, securities, insurance contracts, reinsurance agreements, other financial products, instruments, contracts, assets or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events. -col. 7 lines 31-56.

Lange discloses:

establishing a computer-network based futures trading system electronically

Art Unit: 3694

accessible by traders (**users of the system can include individual or entities desiring to trade –col. 6 line 60 to col. 7 line 2; computerized systems to conduct demand-based trading-col. 12 lines 60-64;**), said trading system including a plurality of trading accounts, each trader on the trading system being associated with at least one of the trading accounts (**user accounts –col. 20 lines 63-64**); establishing, on said trading system, a plurality of separate contracts within contract bundles wherein each contract bundle comprises at least two separate contracts. The applicant defines contract bundle as a collection of contracts whose aggregate payoff at date T is any state of nature is \$10, on page 13, [0054] of the specification. **Lange discloses a group of contingent claims -col. 9 lines 6-10 i.e., a group of contracts as contingent claims are defined by the applicant as contracts in col. 7 lines 35-38**), each contract bundle paying off an aggregate fixed monetary sum at maturity (**financing returns to successful investments with losses from unsuccessful investments...[aggregate fixed monetary sum], the returns to successful investments are determined by the total and relative amounts of all investments placed on each of the defined states for the specific observable event. [aggregate fixed monetary sum] -col. 7 lines 14-30**); and (A preferred embodiment of the present invention provides a system for trading contingent claims structured under DBAR principles, in which amounts invested in on each state in a group of DBAR contingent claims are reallocated from unsuccessful investments, under defined rules, to successful investments...the operator of such a system or exchange provides the electronic infrastructure for trading to

Art Unit: 3694

be conducted, collects and aggregates investments, calculates the returns that result from such investments, and then allocates to the successful investments returns that are financed by the unsuccessful investments after deducting a transaction fee for the operation of the system. -col. 9 lines 29-44); the payout to each defined state that did not occur is zero.- col. 11 lines 7-16; payout made once an event has occurred.- col. 10 lines 52-57; expiration date [maturity date] col. 17 lines 13-47.

Lange further discloses:

the aggregate fixed monetary sum at maturity known when the contract bundles are established (The returns payable for each of the states are finalized after the conclusion of each relevant trading period. -col.7 lines 7-14; and the returns are allocated when the outcome of the relevant event is later known col. 1 line 59 to col. 2 line 15 and .Col. 61 lines 35-37. Contingent claims as used by Lange encompasses both hypothetical financial products as well as any risky asset-col. 7 lines 52-56).

selling, over said trading system, at least one of the plurality of separate contracts within the contract bundles. (The ability for traders to place trades in the designated states during one or more trading periods for each event.-col. 23 lines 6-8);

accepting for resale over said trading system, the at least one of the plurality of separate contracts within the contract bundles (If, before the close of the trading period, the trader desires effectively to “sell” his investment in the appreciate

Art Unit: 3694

state, he has two choices. He could sell the investment to a third party-col. 20 lines 34-39.);

settling the at least one of the plurality of separate contracts against the trading account of the trader of said separate contract **(reduced settlement costs or clearing costs – col. 108 lines 37-47);**

assessing a transaction fee for selling the plurality of separate contracts **(fees-col. 11 line 16; col. 9 lines 35-37.**

Re claims 2,4: Lange discloses wherein the computer-network based contract trading system is electronically accessible by traders via the least the Internet. **(col. 9, lines 23-29; col. 20 lines 58-60).**

Re claims 3,5: Lange discloses the step of providing a user interface that allows traders to access said contract trading system; view information about said trading system. **(col. 95 lines 8-26).**

Re claim 6: Lange discloses wherein said user interface allows only predetermined computer-network users to view information about said trading system. **(The authentication object responds by either allowing or denying access-col. 95 lines 1-8).**

Re claim 7: Lange discloses wherein each of said separate contracts pays off a fixed sum or a zero sum depending on an outcome of a future event. **(Col. 1 line 59-col. 2 line 19; fixed or zero sum col. 7 lines 3-18. col. 59 lines 5-24).**

Art Unit: 3694

Re claim 8: Lange discloses receiving data from a prospective trader identifying a predetermined phenomenon for which a futures contract is desired, the phenomenon having at least two future possible outcomes at a time of maturity (**col. 95 lines 1-27 and col. 17 lines 13-47**).

Re claim 9: Lange discloses wherein the step of selling includes selling a contract bundle comprising, at least two separate contracts, each of said at least two separate contracts corresponding to one of said at least two future possible outcomes of said future events. **Lange discloses a system and method of trading and financial products through investments in contingent claims relating to events of economic significance. The claims are contingent in that their payout or return depends on the outcome of an observable event with more than one possible outcome –col. 6 lines 48-59. A contingent claims is defined by Lange to include stocks, bonds, securities, insurance contracts, reinsurance agreements, other financial products, instruments, contracts, assets or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events. -col. 7 lines 31-56; and the returns are allocated when the outcome of the relevant event is later known col. 1 line 59 to col. 2 line 15 and .Col. 61 lines 35-37. Contingent claims as used by Lange encompasses both hypothetical financial products as well as any risky asset-col. 7 lines 52-56).**

Art Unit: 3694

Re claim 10: Lange discloses prior to the step of establishing the plurality of separate contracts within contract bundles, determining whether a future event for which at least one contract bundle is desired is suitable for issuance of the at least one contracts bundle thereon. **(terms and conditions col. 94 lines 29-21)**. Furthermore, the fact that they system issues a futures contract related to a predetermined phenomenon implies that the contract is suitable.

Re claim 11: Lange discloses wherein said future event has a recurring regular occurrence and wherein said method further comprises the steps of: establishing over said trading system, a plurality of contract bundles, each contract bundle comprising at least two separate contracts, at least one of said plurality of contract bundles having a time period from a sale thereof to an expiration thereof which partially overlaps the time period from a sale of another of said plurality of contract bundles until an expiration of said another of said plurality of contract bundles, said at least one of said plurality of contract bundles corresponding to a first periodic occurrence of said future event and said another of said plurality of contract bundles corresponding to a second periodic occurrence of said future event. **(col. 17 line 13 to col. 18 line 18; col. 91 lines 42-49.)**

Re Claims 12 and 13: Lange discloses wherein each one of said plurality of futures contract bundles are sold at staggered time periods having a predetermined relationship to the timing of a specific periodic occurrence of said future event associated therewith; and establishing, over said trading system, a contract bundle associated with a specific

Art Unit: 3694

periodic occurrence of said future event at substantially the same time as an expiration of a futures contract bundle associated with another periodic occurrence of said future event. **(Staggered time periods of trading col. 12 line 6 to col. 13 line 24; The ability for traders to place trades on the designated states during one or more trading periods for each event.-col. 23 lines 5-13; constructing groups of DBAR contingent claims based on multiple events col. 46 line 42 to col. 47 line 5.)**

Re Claims 14, 15: Lange discloses wherein selling and settling are accomplished in a credit-risk free manner; selling is on margin and the step of selling and the step of settling said are accomplished in a credit risk manner **(margin, leverage col. 18 line 50 to col. 19 line 31 and One way to address risk is to not allow leveraged investments within the group of DBAR contingent claims...Col. 19, lines 1-3).**

Re Claims 16, 17: Lange discloses the step of accepting an indicia of an identity from the trader; the steps of selling, resale, settling or assessing over trading system is with respect to traders having indicia. **(Authentication of trader col. 94 line 62 to col. 95 line 27.)**

Re claims 20,24: Lange discloses the step of introducing new futures contracts to the trading system as a split of an existing separate contract, an aggregate liquidation value of the new contracts equaling the liquidation value of the existing separate contract which is split **(col. 21 line 16-22); (reduced settlement costs or clearing costs –col. 108 lines 37-47).**

Art Unit: 3694

Claim 22 has similar limitations found in claims 1 and 20 in combination, and therefore are rejected by the same art and rationale.

Claim 23: Lange discloses step of: soliciting, over said trading system, a trader for delivery of said at least one new contracts, which completes a contract bundle, prior to a maturity thereof **(col. 95 lines 8-26)**.

Claim 28 has similar limitations found in claims 1, 20 in combination therefore are rejected by the same art and rationale.

Claims 104, 105, 113,124 have similar limitations found in claims 1 above and therefore are rejected using the same art and rationale.

Claims 114 and 115 have similar limitations found in claims 1 and 7 in combination, and therefore are rejected by the same art and rationale.

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.

Art Unit: 3694

2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

9. Claims 18 and 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lange in view of Slyke (US 2002/0042770).

Re Claim 18, 19: Lange does not explicitly disclose wherein only a predetermined group of traders may access trading system; wherein the group is selected from predefined or pre-qualified traders. Slyke however, teaches a buyer/underwriter qualification process-see pars. 126-128. It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Lange to specifically include the prequalification of traders as taught by Slyke in order to protect the customers and the exchange from fraudulent transactions. Furthermore, this step would have been obvious to anyone skilled in the ordinary art since often times futures contracts are relevant only to a certain sector and therefore the contracts are only extended to these parties. In this way outside parties without an interest in the particular commodity cannot affect the price of the contract.

10. Claims 21, 25 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lange as applied to claims 1 and 20 above, and further in view of Kuprianov (Kuprianov, Anatoli. "Money market futures. " *Economic Review* 78.6 (1992): 19-37).

Re Claim 21: Lange discloses the claimed method supra including separate contracts within a bundle as in claim 1, but does not explicitly disclose retiring said existing separate contract. **The retirement of existing contracts is old and well known in the art of**

Art Unit: 3694

futures trading as evidenced by Kuprianov pg. 4, col. 2. It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Lange to specifically include retiring a contract as taught by Kuprianov in order to remove a contract that is no longer available for sale.

Re Claim 25: Lange does not explicitly disclose accepting the at least two separate contracts comprising said contract bundles for redemption prior to an expiration thereof.

Kuprianov however, teaches futures contracts can be both or sold at any time before maturity –pg. 2, col. 2 para. 1. It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Lange to disclose futures contracts that can be bought or sold at any time before maturity as taught by Kuprianov in order to liquidate an open futures position.

11. Claim 26 is rejected under 35 U.S.C. 103(a) as being unpatentable over Lange in view of Shepherd (US Patent No. 5,970,479).

Re Claim 26: Lange does not disclose the step of providing a market authority for mediating any dispute related to said trading system. **Shepherd however disclose third party regulation and supervision in column 5, lines 56-60.** It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Lange to include third party regulation as taught by Shepherd in order to regulate trading and provide supervision over the terms and conditions set forth in Lange.

12. Claim 27 is rejected under 35 U.S.C. 103(a) as being unpatentable over Lange as applied to claim 1 above, and further in view of Friesen et al. (US 6,993,504).

Art Unit: 3694

Re Claim 27: Lange fails to disclose a contract trading system electronically accessible by non-trading observers. **Friesen however, teach allowing non-traders to access the trading system col. 16 lines 52-66.** It would have been obvious to one having ordinary skill in the art to include in the trading systems and methods of Lange the ability to allow non-traders to interface with the trading system as taught by Friesen in order to allow the user to have access to significant market information.

13. Claim 96 is rejected under 35 U.S.C. 103(a) as being unpatentable over Lange as applied to claim 28 above, in view of Togher (U.S. Patent No. 5,375,055).

Re claim 96: Lange do not explicitly disclose anonymous trading. Togher however, disclose anonymous trading-see Abstract. It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Lange to specifically include anonymous trading as taught by Togher in order to avoid an unwanted shift in the market due to the buying practices of large institutional investors.

Conclusion

14. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Elda Milef whose telephone number is (571)272-8124. The examiner can normally be reached on Monday -Friday 9:00 am to 5:00 pm. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571)272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3694

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Elda Milef/
Examiner, Art Unit 3694
